

## IMPACT OF SINGLE BUSINESS TAX RESTRUCTURE ON AXIOS, INC.

Axios Incorporated was founded by Dan Barcheski in 1988. Axios, with its 45 employees, is a privately-held company based in Grand Rapids, Michigan that helps its clients optimize their human and organizational performance. The Company has been acknowledged three times as one of *Inc.* magazine's 500 fastest-growing American companies, and twice as one of Michigan's 100 fastest-growing companies. In 2004, Axios was chosen as one of the 101 Best Businesses to Work For by the Michigan Professional Management Association.

*Below you will find a side by side comparison of our actual numbers for 2003 and an approximation of what Axios's tax liability would have been under the proposed SBT restructuring if passed as introduced. As you will notice, employee bonuses have been reduced by over 60% under the restructuring calculation in order to allow Axios to maintain a similar net profit to 2003's actual numbers. In 2003, all 45 employees received a bonus, with the average bonus being approximately \$2,000. That number will likely fall to less than \$1,000 under the proposed changes.*

2003 (Actual rounded)		2003 (Restructured approx.)	
Net Profit	\$922,000.00	Net Profit	\$922,000.00
SBT w/deduction (1.9%)	\$301,000.00	SBT w/o deduction (1.2%)	\$395,000.00
Other taxes	\$240,000.00	<b>SBT liability increase</b>	<b>\$94,000.00</b>
Total tax	\$541,000.00	<b>Percent of increase</b>	<b>31</b>
Profit after taxes	\$381,000.00	Other taxes	\$210,000.00
Bonuses paid to Employees	\$100,000.00	Total tax	\$605,000.00
Net Profit	\$281,000.00	Profit after taxes	\$317,000.00
Total Corp. Tax Rate	58%	<b>Bonuses paid to Employees</b>	<b>\$36,000.00</b>
		Net Profit	\$281,000.00
		Total Corp. Tax Rate	66%